

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6054

BILL NUMBER: SB 389

NOTE PREPARED: Jan 29, 2013

BILL AMENDED: Jan 24, 2013

SUBJECT: County Excise Surtax and Wheel Tax.

FIRST AUTHOR: Sen. Boots

FIRST SPONSOR: Rep. Lehe

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill permits a county income tax council to impose a motor vehicle excise surtax and a wheel tax for a county. (Current law permits the county council to impose these taxes.) It specifies that the body that initially imposes the excise surtax and wheel tax is the body that is empowered to increase, decrease, or rescind the excise surtax and wheel tax.

Effective Date: June 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Summary:* Forty-five counties have not adopted the Excise Surtax and Wheel Tax. These counties could raise an estimated \$72.9 M if they adopt the taxes at the maximum rates. This bill could result in additional counties adopting the taxes. The actual impact would depend on actions taken by county income tax boards.

Background: Under current law, only the county council may adopt or make changes to the motor vehicle excise surtax and wheel tax. The surtax and wheel tax must be adopted together. In addition to the county council, this bill would also permit the county income tax council to adopt the surtax and wheel tax. Only the entity that adopted the tax would be permitted to modify or rescind the tax.

The county income tax council currently exists in COIT-adopting counties and is comprised of the county and municipalities in the county. The votes on the income tax council are apportioned based on population where the county gets credit for the population in the unincorporated areas of the county. This bill would permit the same membership to adopt the surtax and wheel tax in all counties that have not yet imposed the taxes, even if a county is not a COIT-adopting county.

Money in the excise surtax and wheel tax funds is allocated to each city, town, and the county based on the formula for the Local Road and Street Account. The revenue is used to construct, reconstruct, repair, or maintain streets and roads.

Additional Information: In CY 2013, the 47 currently adopting counties will generate an estimated \$62.7 M from the excise surtax and \$7.7 M from the wheel tax, for a total of \$70.4 M.

State Agencies Affected:

Local Agencies Affected: Counties, cities, and towns.

Information Sources: Vehicle counts, Surtax and Wheel Tax rates, Bureau of Motor Vehicles.

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